

MIKE BEEBE
GOVERNOR

A. HEATH ABSHURE
COMMISSIONER



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ARKANSAS SECURITIES DEPARTMENT

June 29, 2009

Russ Rasnic, P.E.
Director
Ryan Forensics, PLLC
608 South Hico Street
Siloam Springs, Arkansas 72761

**RE: Request for Interpretive Opinion
Halo Spark Plug, Inc., Cease and Desist Order No. 00-022-S**

Dear Mr. Rasnic:

On June 8, 2009, the Arkansas Securities Department ("Department") received your request ("Request") relating to a cease and desist order entered April 28, 2000, against you, Halo Spark Plug, Inc. ("Halo"), James E. Johnson, and Eva Lou Johnson ("Order"). The Request seeks an interpretive opinion from the Staff of the Department ("Staff") questioning whether there is a mechanism whereby you can be expunged from the Order.

As is noted in the Department's Policy Statement Regarding Requests for Informal Advice, this Interpretive Opinion provides the Staff's views on the interpretation of a specific statute or rule in the context of an actual and narrow fact situation. This Interpretive Opinion constitutes informal advice, is subject to reconsideration, and is not binding on the Arkansas Securities Commissioner ("Commissioner"). This Interpretive Opinion sets forth only the Staff's position with respect to the particular facts posed by your Request. It does not constitute an official expression of the Commissioner's views.

Your Request is attached to this Interpretive Opinion. Also attached to this Interpretive Opinion is the Order. Accordingly, the statements contained in the Order and in your Request will not be repeated in this Interpretive Opinion.

When the Commissioner has sufficient evidence that a person has engaged in activity that violates the Arkansas Securities Act, or is about to engage in activity that violates the Arkansas Securities Act, the Commissioner may summarily order a person to cease and desist from that particular activity. See Ark. Code Ann. § 23-42-209. The cease and desist order generally is akin to an ex parte injunction, meaning that the Commissioner typically enters the cease and desist order after he or she has heard only the Staff's side of the controversy. The respondent's side of the controversy is heard when a hearing is requested by a respondent or ordered by the Commissioner.

Mr. Rasnic
June 29, 2009
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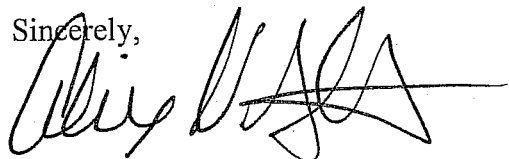
Upon the entry of the cease and desist order, the Commissioner notifies the respondent(s) that an order has been entered, the reasons therefor, and of the respondent's right to a hearing on the order. *See Ark. Code Ann. § 23-42-209(a)(1)(B)*. The respondent may request a hearing on the order within thirty days of the date of the entry of the order. Also, the Commissioner may order a hearing on the order. If a hearing is requested or ordered, the Commissioner, after notice and opportunity for the hearing, may affirm, modify, or vacate the cease and desist order. If no hearing is requested and none is ordered by the Commissioner, the cease and desist order will remain in effect until it is modified or vacated by the Commissioner. *See Ark. Code Ann. § 23-42-209(a)(2)*.

With regard to the Order at issue, the records of the Department reflect that neither you nor any other respondent to the Order requested a hearing within the thirty-day timeframe provided by Ark. Code Ann. § 23-42-209(a)(2).

In order to expunge your name from the Order, the Commissioner would have to enter an order modifying or vacating the Order as to you. It is the Staff's opinion that the Commissioner retains permanent jurisdiction over prior cease and desist orders and may modify or vacate such orders even after the expiration of the thirty-day period following the entry of the order.

The Arkansas Securities Act does not provide expressly for a mechanism through which a respondent may request a modification or vacation of a cease and desist order after the expiration of the thirty-day period following the entry of the order. It is the Staff's opinion that you may request that the Commissioner modify or vacate the Order. The Staff expresses no opinion as to whether the Commissioner would be required to act on such a request. Further, considering that the Order was entered over nine years ago and no aggrieved party requested a hearing on the Order within the thirty-day timeframe provided by Ark. Code Ann. § 23-42-209(a)(2), the Staff would oppose that a hearing to modify or vacate the Order be granted. If the Commissioner did grant such a hearing, the Staff would oppose the modification or vacation of the Order.

Sincerely,



Alexandra N. Stephens
Staff Attorney

ANS/

Enclosures

June 3, 2009

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ARKANSAS SECURITIES DEPT.

Commissioner A. Heath Abshire
Arkansas Securities Department
Heritage West Bldg.
Suite 300
201 East Markham
Little Rock, AR 72201

Re: Halo Spark Plug, Inc. - Order 00-022-S

Dear Commissioner Abshire:

On April 28, 2000, Halo Spark Plug, Inc.(HSPI) received the above styled Cease and Desist Order regarding unregistered securities sales. At that time, I was the Chief Operating Officer for the company and my name was listed on the order, along with Mr. and Mrs. James E. Johnson. By way of background, I came to work for HSPI in April of 1999. Mr. Johnson, the founder of the company, brought me on as the Chief Operating Officer, though I did not request this title. My purpose was to develop the means to mass produce the spark plug and tip, which he had patented in approximately 1994, as well as to set up and manage the manufacturing operation. Approximately one month after beginning employment with the company, HSPI received a letter from your department alleging sales of unregistered securities, and requiring HSPI to secure registration prior to initiating sales of additional shares. I was listed in this letter as well, though I had no involvement in the sales of stock in the company.

Subsequent to this letter, HSPI received the Cease and Desist order as noted, and I was again named as a party. At this point, I met with Bruce Bokony and Ann McDougal of the department and asked why I was listed when I did not have any involvement in the securities sales. I was advised that this was due to my officer status in the company, and when I requested that my name be removed, it was denied for this reason, though Mr. Johnson provided a sworn affidavit stating that I had not participated in sales of any securities. It should be noted that up until the time of the order, I was not an authorized signatory on any of the company's bank accounts. All of the money procurement and distribution, exclusive of spark plug sales, was handled by Mr. Johnson.

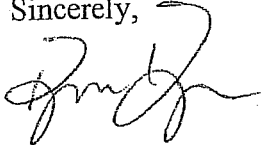
After this, I personally worked with the department for nearly 6 months to make an accounting for all monies received through securities sales, including those that pre-dated my employ, as well as for the expenditures of these funds. During this process, it was determined that I did not participate in the securities sales, and departmental personnel advised that they were comfortable with my role in managing the business. The ultimate outcome was that the accounts were all reconciled, Mr. Johnson's personal use of some of the monies disclosed, and an approved rescission document, rescission offering, and disclosure document was generated by me. Mr. Johnson's stock in the company was also placed in escrow by the department, while mine was not. Additionally, Mr. Johnson was asked to resign his position as President, CEO and Chairman of HSPI by the Board of Directors, and I was asked to assume these roles.

The reason for my letter to the department is to find out if there is some way to have my name expunged from this order, which is a matter of public record, since I did not have anything

to do with the aforementioned unregistered securities sales. In my present position as a consulting engineer who does litigation related work, it seems that this order always comes up as an attempt to discredit my character by opposing attorneys. Since I do not think it is the intent of the department to affect the career of someone who has done nothing wrong, and my professional reputation was spotless up until this point, is there some way to address this issue?

Thank you in advance for your assistance in this matter. I would be happy to meet with the department to discuss this matter further at your convenience. Please do not hesitate to contact me direct at (501)760-7726 if you have any questions or need additional information.

Sincerely,

A handwritten signature in black ink, appearing to read 'Russ Rasnic', with a stylized flourish at the end.

Russ Rasnic, P.E.

Director

Ryan Forensics, PLLC

STATE OF ARKANSAS
SECURITIES DEPARTMENT

IN THE MATTER OF

HALO SPARK PLUG, INC.,
JAMES E. JOHNSON, PRESIDENT,
CHIEF EXECUTIVE OFFICER &
CHAIRMAN OF THE BOARD,
EVA LOU JOHNSON, SECRETARY &
TREASURER, AND CHARLES R.
("RUSS") RASNIC, CHIEF OPERATING
OFFICER & GENERAL MANAGER

CEASE AND DESIST ORDER
NO. 00-022-S

The Arkansas Securities Department ("Department") has received information and has in its possession certain evidence which indicates that Halo Spark Plug, Inc. ("Halo Spark Plug"), James E. Johnson ("Johnson"), Eva Lou Johnson and Charles R. ("Russ") Rasnic ("Rasnic") have violated provisions of the Arkansas Securities Act ("Act"), Ark. Code Ann. § 23-42-101 et seq.

FINDINGS OF FACT

1. Halo Spark Plug is a Nevada Corporation, incorporated on August 11, 1997, with 25,000,000 authorized shares of stock. Halo Spark Plug, whose principal place of business is located at 278 Kaufman Road, Building 1 Suite A, Hot Springs, Arkansas 71913, plans to manufacture and sell spark plugs with the Halo® ground electrode tip.

2. Johnson is the President, Chief Executive Officer and Chairman of the Board of Halo Spark Plug, whose business address is 278 Kaufman Road, Building 1 Suite A, Hot Springs, Arkansas 71913.

3. Eva Lou Johnson is the wife of Johnson and is Secretary and Treasurer of Halo Spark Plug, whose business address is 278 Kaufman Road, Building 1, Suite A, Hot Springs, Arkansas 71913.

4. Rasnic is Chief Operating Officer and General Manager of Halo Spark Plug, whose business address is 278 Kaufman Road, Building 1, Suite A, Hot Springs, Arkansas 71913.

5. On or about May 11, 1999 the Department received information from an Arkansas resident who had been offered the opportunity to purchase 10,000 shares of stock in Halo Spark Plug. This resident stated he was offered the opportunity by Johnson to invest in a block of shares, each block priced at \$10,000 for which he would receive 10,000 shares of stock in Halo Spark Plug.

6. On May 13, 1999, the Department wrote to Johnson informing him of possible violations of the Act, requesting his assurance that any solicitation or collection of funds in Arkansas had ceased, and requesting the name, address, and amount invested by each investor in Arkansas.

7. On May 18, 1999, the Department received a letter from Johnson assuring the Department that Halo Spark Plug had voluntarily suspended solicitation of securities as well as receiving any additional moneys for securities until Halo Spark Plug was in full compliance with any applicable laws regarding securities sales. Johnson also stated Halo Spark Plug had retained counsel to represent them in this matter. However, the

information did not contain the names, addresses and amounts invested by Arkansas investors.

8. On June 22, 1999 the Staff of the Department met with Johnson, Rasnic and their attorney. At this meeting Johnson submitted a list of approximately 30 Arkansas residents who had invested approximately \$400,000. Johnson, Rasnic and their attorney represented to the Department their desire to comply with all applicable securities laws and stated their intention to raise additional capital through the sale of stock. The Staff of the Department ("Staff") explained to Johnson, Rasnic and their attorney that a rescission offer providing full disclosure, as approved by the Staff, would have to be made to the Arkansas investors after which time Johnson could apply for registration or exemption from registration to offer additional shares of Halo Spark Plug.

9. As of September 2, 1999 the Department had not received a draft of the rescission offer and again met with Johnson and Rasnic and reiterated the necessity of Halo Spark Plug to submit a draft of the rescission offer to the Department for approval as soon as possible.

10. Following the meeting of September 2, 1999 Halo Spark Plug, through their second attorney, did submit a draft of the Rescission Offer Offering Memorandum ("Rescission Offer"), to the Department. The Rescission Offer contained information regarding Johnson's prior operation of Ultra Performance International, Inc. ("UPI"), a Florida corporation founded by Johnson in October 1989. According to the Rescission Offer, the purpose of the UPI venture was to provide a mechanism for early research and development of the Halo® ground electrode tip to be attached to a spark plug.

According to the Rescission Offer, a minimum of \$750,000 was raised through stock sales to approximately 34 individual Florida investors.

11. According to the Rescission Offer, the funds of UPI were used to secure and maintain a total of eight patents in the United States and several other countries, as well as to build prototype variations of the Halo® ground electrode tip. Sometime in early 1995, Florida shareholders of UPI brought suit against Johnson for failure to provide: financial information, a list of shareholders, an accounting of the number of UPI shares outstanding, and use of proceeds from stock sales. However, the lawsuit was dismissed for lack of prosecution. According to the Rescission Offer, Halo Spark Plug will offer to UPI shareholders the following: (1) one share in Halo Spark Plug for every dollar invested in UPI; or (2) a return of principal paid by the Florida investors.

12. In the fall of 1995, Johnson abruptly relocated to Hot Springs, Arkansas. On August 11, 1997 Johnson incorporated Halo Spark Plug as a Nevada corporation. Johnson issued 1,100,000 shares of Halo Spark Plug in the name of James E. and Lou Johnson as compensation for the assignment of the "Halo" trademark name to Halo Spark Plug. Johnson also issued 13,750,000 shares of stock in Halo Spark Plug to "The Bollinger Family Trust," a trust controlled by Johnson and his wife Eva Lou Johnson.

13. According Halo Spark Plug Corporate Resolution No. 005, "Day to day decision-making responsibility, and decisions on information required to be disseminated to the Board and shareholders will be solely at the discretion of the President of the Company," Johnson.

14. On February 25, 1999 Johnson incorporated Halo Inc. a Nevada corporation of which Johnson is President and Eva L. Johnson is Secretary and Treasurer.

According to information the Department received on July 29, 1999 from Johnson's patent attorney, Herbert W. Larson of Largo, Florida, the records of the U.S. Patent and Trademark Office reflect ownership of the two U.S. Patents #5,280,214 and 5,430,346 in the name of Halo, Inc. It appears the ability of Halo Spark Plug to manufacture the Halo® tip electrode is dependent on the design and technology patented and owned by Halo, Inc.

15. On December 1, 1999 the Staff again met with Halo Spark Plug's second attorney and made recommendations for changes to the Rescission Offer.

16. On April 20, 2000 the Department received information that Halo Spark Plug, through Johnson, was continuing to accept investors' money by issuing promissory notes. The Staff has received copies of four promissory notes issued by Halo Spark Plug and signed by Johnson during the month of December 1999. Each promissory note states that it promises to pay the investor a return of their principal with interest of 9.00% per annum one year from the date of the promissory note. Each promissory note states that it is secured by one Halo Spark Plug for each dollar invested.

17. The Staff has spoken with four individuals who have purchased promissory notes. Each investor has stated that Johnson has verbally promised to issue one share of stock in Halo Spark Plug for each dollar invested. Johnson has stated to these investors that he is presently unable to sell the shares of stock until compliance is met with the applicable securities laws.

18. Based on information received by the Staff, it appears Johnson has sold at least \$500,000 worth of promissory notes.

19. The stock and promissory notes offered to the Arkansas investors by Halo Spark Plug, or any of its principals, are securities as defined by the Act: "Security" means any note, stock or evidence of indebtedness. According to the records of the Arkansas Securities Commissioner, neither the stock nor the promissory notes are registered with the Commissioner or exempt from that registration for sale in Arkansas.

20. Johnson is an "agent" as that term is defined by the Act: "Agent" means any individual who represents an issuer in effecting or attempting to effect purchases or sales of securities. According to the records of the Arkansas Securities Commissioner, Johnson is not registered as an agent for the purpose of selling securities in Arkansas.

CONCLUSIONS OF LAW

21. Ark. Code Ann. § 23-42-102(2) defines "agent as any individual who represents a broker-dealer or issuer in effecting or attempting to effect purchases or sales of securities.

22. Ark. Code Ann. § 23-42-102(15)(A) defines "security" to include any note; stock; or evidence of indebtedness.

23. Ark. Code Ann. § 23-42-501 states that it is unlawful for any person to offer or sell any security which is not registered or which is not exempt from registration under the terms of the Act.

24. Ark. Code Ann. § 23-42-301(a) states that it is unlawful for any person to transact business in this State as a broker-dealer or agent unless such person is registered under the terms of the Act.

OPINION

25. This matter has been properly brought before the Arkansas Securities Commissioner in accordance with Ark. Code Ann. §§ 23-42-201 and 209.

26. From the facts known by the Commissioner, the Commissioner has reason to believe that Halo Spark Plug, and its principals, Johnson, Eva Lou Johnson and Rasnic, have engaged in activity in violation of the Act by offering and selling securities in Arkansas.


27. Pursuant to Ark. Code Ann. § 23-42-209(a)(1), the Arkansas Securities Commissioner can and should order Halo Spark Plug, Johnson, Eva Lou Johnson and Rasnic to immediately cease and desist from the further solicitation and sale of the securities described above and to immediately cease and desist from the collection of additional funds from any current investors.

28. This Order is in the public interest.

ORDER

IT IS THEREFORE ORDERED THAT Halo Spark Plug, Inc., James E. Johnson, Eva Lou Johnson and Charles R. ("Russ") Rasnic **CEASE AND DESIST** from any further actions in the State of Arkansas in connection with the offer and sale of securities until such time as they and the securities offered are properly registered or exempted from registration pursuant to the Arkansas Securities Act.

WITNESS MY HAND AND SEAL THIS 28th DAY OF APRIL, 2000.



MAC DODSON
SECURITIES COMMISSIONER